Climate Change Authority Consultation Hub
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Submitted online at: https://consult.climatechangeauthority.gov.au/2025-issues-paper

1 September 2025

RE: Comment on the Climate Change Authority 2025 Issues Paper

Thank you for the opportunity to provide input into the Climate Change Authority's (**CCA**) 2025 Annual Progress Report (**APR**) to inform the Environment Ministers Annual Climate Change Statement to Parliament.

Environmental Advocacy in Central Queensland (EnvA) is a grassroots community group based in the largest coal mining region in Australia. We are concerned about the direct impacts of coal mining and coal seam gas projects on our environment and their contribution to greenhouse gas (GHG) emission driving more frequent and severe climate impacts.

General comments related to EnvA's submission

The scientific consensus is unequivocal: expansion of fossil fuel production is incompatible with limiting global warming to safe levels.[1] It is our strong view that new fossil fuel sources, should not be explored or developed, and policy direction must align with the urgent need to decarbonise to mitigate further impacts of climate change.

Australia has international agreements and legislated national emission reduction targets including:

- Australia, alongside 196 other nations, is a signatory to the Paris Agreement[2], which commits countries to pursue efforts to limit warming to 1.5°C and well below 2°C. Meeting these targets requires the immediate cessation of new fossil fuel developments.
- A legislated 43% emissions reduction from 2005 levels by 2030 and net zero by 2050.[3] Australia will soon set a new, strengthened 2035 emissions reduction target and climate plan to the United Nations.

[1] Intergovernmental Panel on Climate Change, *Climate Change 2022*
[2] UN Framework Convention on Climate Change, Adoption of the Paris Agreement, 21st Conference of the Parties, Paris (2015)
[3] Climate Change Act 2022

- State and Territory targets add up to an estimated 66–71 % reduction in Australia's emissions levels by 2035[4].
- Australia is a signatory to the Global Methane Pledge which, with the other 120 State signatories, is working to collectively reduce global methane emissions across all sectors by at least 30% below 2020 levels by 2030.[5]
- The International Court of Justice recently confirmed that Australia has an international legal obligation to undertake appropriate climate action. Ongoing approvals and support for fossil fuel projects may result in legal liability under international customary and treaty law.[6]

Expanding fossil fuel production is inconsistent with these commitments and risks undermining Australia's international reputation, particularly with our Pacific neighbours.

Please find our responses to the questions posed in the 2025 Issues Paper[7] which largely focus on emission reductions in the electricity and energy sector, the most polluting sector in Australia.[8]

Supporting and enabling the transition to a net zero economy

How well is the Australian Government supporting the transition to net zero?

We acknowledge that the Australian Government has set emission reduction targets of 43% below 2005 levels by 2030 and net zero by 2050, and has introduced legislation and policy to guide the pathway to meet these targets. However, we consider that the current policy framework neither on track to meet the Australia's current targets[9] nor aligned with the temperature increase goals of the of the Paris Agreement (1.5-2°C).[10]

The Australian Government needs to address its climate policies as:

- it is not on track to meet its renewables target,
- its flagship industrial emissions policy, the Safeguard Mechanism allows for more fossil fuel emissions, and
- its support for the fossil fuel industry remains unwavering and actively subsidised and encouraged.

We concur with the evidence provided in the Climate Action Tracker that the current Nationally Determined Contribution (**NDC**) target against modelled domestic pathways and against the world's 'fair share' is currently insufficient, as are the policies and actions to achieve current emission reduction targets.[11]

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[4] Climateworks Centre (2024). Leading climate policies from Australia's states and territories
[5] Australia joins Global Methane Pledge (2022)
[6] International Court of Justice(23 July 2025). Obligations of States in respect of Climate Change - Summary of the Advisory Opinion
[7] Climate Change Authority (2025) Issues Paper: 2025 Annual Progress Report
[8] Climate Change Authority (2024) Sector Pathways Review electricity and Energy
[9] Australian Government (June 2025) Net Zero
[10] Climate Analytics (2025) What is Australia's pathway to limit global warming to 1.5°C
[11] Climate Action Tracker (June 2025) Australia

Setting the 2035 NDC target

EnvA considers that the Australian Government needs to set a science-based 2035 NDC target that aligns with the Paris Agreement – one that means achieving close to net zero by 2035. Anything less will fail to keep global heating within safe limits and put Australian lives, livelihoods, and ecosystems at risk.[12]

If the aim is to prevent catastrophic climate harm and keep warming well below 2°C, achieving net zero by 2035 is the only target with a strong chance of success. Analysis shows that a target below a 75% emissions reduction by 2035 would lock in warming beyond 2°C.[13]

Global heating has already reached around 1.3°C above pre-industrial levels, fuelling climate disasters that cost Australians over $2.2 billion in the first half of 2025 alone.[14] If pollution levels remain high, climate-fuelled disasters are projected to cost the Australian economy $94 billion a year by 2060 and many Australian homes could become uninsurable. The costs of mitigation and recovery will continue to increase as extreme weather events become more frequent and extreme.

Rapidly reducing emissions is the most obvious mechanism to have a chance for a safe climate future.

What changes could the Australian Government make to improve the effectiveness of existing policies or address gaps in supporting Australia's transition to a low-emissions, climate-resilient, and prosperous economy?

Phase out coal and gas

The single most important change that the Australian Government must implement is the immediate phase out of the approval of new and expanding fossil fuels.

The scientific consensus is unequivocal: expansion of fossil fuel production is incompatible with limiting global warming to safe levels.[15] It is our strong view that new fossil fuel sources, including coal and gas, should not be explored or developed, and policy direction must align with the urgent need to decarbonise to mitigate further impacts of climate change.

Australia has sufficient approved coal and gas production to support our domestic needs and export commitments during the global transition to a renewable economy, with demand declining and will potentially decline more rapidly as the world decarbonises.[16] Adverse social and economic impacts must also be considered as demand declines, production costs increase and prices for the product decrease.

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[12] EnvA (August 2025) Federal Government must commit to net zero by 2035 to protect Australians from climate chaos

[13] Climate Council (2025) Stronger target, safer future: Why Australia's 2035 climate target matters

[14] The Guardian (June 2025) Natural disasters cost Australia's economy $2.2bn in first half of 2025, new Treasury analysis shows

[15] Intergovernmental Panel on Climate Change, *Climate Change 2022*

[16] Institute for Energy Economics and Financial Analysis (2025) Australia's coal production limits far exceed actual output, so why approve new mine developments?

Gas demand

The declining demand for gas for manufacturing, electricity generation, and residential use is clear. In the 2023–24 financial year, domestic gas consumption fell to a 25-year low, down 32% over the past decade [17].

The Australian Energy Market Operator (**AEMO**) and the Australian Competition and Consumer Commission (**ACCC**) anticipate a broad decline in gas demand from commercial, residential, and industrial sectors, but an increase in demand for gas-powered generation to firm electricity supply. [18]

With respect to the anticipated increase in gas demand for firming electricity when coal fired power stations retire, it is important to note that Australia is one of the world's largest gas exporters[19], with 70–80% of production shipped overseas. Some of this gas is surplus to the importing country's needs. For example, in 2024 Japan on-sold at least 600 petajoules of Australian liquefied natural gas (LNG) to other countries — more than the total annual domestic consumption of Eastern Australia. [20] There are opportunities to address any short-term gas shortfall for firming electricity by retaining a modest additional share of Australian gas for domestic use. A review of Australia's Gas Market is currently in progress.[21]

Coal demand

There are varying projections on the future demand for thermal and coking coal into the future.

Government projections show Australian thermal coal exports peak this year and decline to 2030, with a weakening demand from our key Asian export markets. [22] Demand for thermal coal will largely be influenced by:

- The pace of renewable and alternative energy generation in export partner markets,
- The impact of a predicted global LNG supply glut and consequent lower LNG prices on coal demand, and
- The scale and pace of coal power unit retirements, which are forecast to be triple the number of projected new builds over the outlook period.

Global demand for metallurgical coal is expected to fall as low emissions steel production gains pace. Australia's two largest metallurgical coal export markets are Japan and India, with India shifting towards steel-making using domestically produced

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[17] Institute for Energy, Economics and Financial Analysis (December 2024) LNG exports prompt fall in eastern Australia's gas demand.

[18] Australian Energy Market Operator (March 2025). Gas statement of opportunities

[19] The Australia Institute, Gas: The Facts.

[20] IEEFA: How Japan cashes in on resales of Australian LNG at the expense of Australian gas users.

[21] Australian Government (2025) Gas Market Review Consultation

[22] DISR (2025) Resources and Energy Quarterly

green hydrogen and Japan having sufficient scrap metal supplies for its transition to electric arc furnace steel production in the near term. [23]

Social and economic impacts

Predictions from the World Bank indicate that coal prices are falling and will continue to fall in 2026 due to a weak import demand from Asia and a potential supply glut.[24] A declining coal market and the current low coal prices could accelerate mine closures in Australia.

This is already becoming evident in Central Queensland with Bowen Coking Coal having already placed two of its coal mines under care and maintenance (Broadmeadow East and Bluff mines)[25] and has now entered voluntary administration[26,27]. These circumstances significantly jeopardise employment security for coal mine workers. There is also a high risk to the local environment and impacted landholders as mine closure and rehabilitation obligations cannot be met.

This raises questions over the continued approval of new coal mine developments. Australia already has more coal mines approved than will be required as the demand continues to decline as the world transitions to a clean energy economy. Approving the development of new or expanding coal mines is contrary to international agreements, State and Federal legislation and will impact on local communities.[28]

Provide certainty to encourage alternative technology

Industry has invested significantly in decarbonising their operations based on government policy and the stated direction towards a clean energy economy.[29] This private investment — alongside investment in renewable energy projects — risks slowing if uncertainty persists over Australia's energy future.

States and territories are continuing to legislate stronger climate action. Notably, Victoria (the largest gas-consuming jurisdiction) has adopted a *Gas Substitution Roadmap* and introduced new rules limiting residential gas use and connections.[30]

At the federal level, the Albanese Government was elected in 2022 with a clear climate mandate, including rejecting the opposition's "gas-led recovery" approach.[31] While gas

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[23] Institute for Energy Economics and Financial Analysis (2025) Australian coal exports face numerous downside risks, new projections show.

[24] World Bank (2 June 2025) Weakening demand, steady supply: What's driving coal's price decline in 2025?

[25] Bowen Coking Coal (3 July 2025) ASX announcement

[26] Company Update and Appointment of Voluntary Administrators

[27] ABC (30 July 2025) Owners of Bowen Basin mine enter administration amid coal price slump

[28] Institute for Energy Economics and Financial Analysis (2025) Australia's coal production limits far exceed actual output, so why approve new mine developments?

[29] For example: Climateworks Centre (2025) Seizing Gladstone's low-carbon opportunity

[30] Victoria State Government (2025) Victoria's Gas Substitution Roadmap

[31] Renew Economy (2022) Chris Bowen: Gas is neither a transition fuel, nor low emissions. But at least it's flexible

may have a short-term role in firming the energy supply, the expansion of gas production is not required if the current instruments for regulation are appropriately implemented.

Industry, state governments, fossil fuel companies, and the public all require a clear, consistent policy direction to guide investment and planning. That direction must be aligned with a safe climate future — for the environment, for Australians, and for communities globally.

Amend the federal environmental legislation

The *Environment Protection and Biodiversity Conservation Act 1999* (**EPBC Act**) does not regulate greenhouse gas emissions and there is no clear connection between the Safeguard Mechanism in the assessment of high-emitting projects.

The Safeguard Mechanism is not an approval framework and does not regulate emission reduction. Under the current EPBC Act, fossil fuel projects continue to be approved, without considering their emission impacts during the assessment process – these are only reported after approval has been granted. This is a critical gap that:

- undermines the government in being able to meet its NDC,
- prevents the assessment of emission impacts on the environment, and
- risks the breach of human rights.

The EPBC Act must be amended to include a climate trigger to enable the consideration of the impact of emissions on Matters of National Environmental Significance.

Ending government subsidies for fossil fuel projects

We call on the government to cease subsidising fossil fuel projects and to focus all support on a future without coal and gas. This includes ending:

- financial support for Carbon Capture and Storage research[32] which has proven expensive and ineffective,[33]
- subsidies for infrastructure that only benefits the fossil fuel industry,[34] and
- the Fuel Tax Credits Scheme, which disincentives the transition to cleaner fuels and the adoption of clean alternatives.[35]

These funds should be redirected to support the rapid transition to a clean energy economy, including:

- accelerating the deployment of low emissions technologies and practices,
- supporting sectoral and workforce transitions,
- addressing socio-economic priorities for a just transition, including equitable outcomes for First Nations, rural, and regional communities,

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[32] Australian Government (2025) Carbon Management for Tough Emissions.

[33] Climate Council (2023) What is Carbon Capture and Storage?

[34] The Australia Institute (January 2025) Fossil fuel subsidies.

[35] Australian Academy of Technological Sciences and Engineering (August 2025) Decarbonising diesel industries.

- overcoming the 'green premium' through market-based mechanisms and finance needed to facilitate and incentivise the transition, and
- developing new low-emissions export industries and decarbonising supply chains.

The Safeguard Mechanism

How effective is the Safeguard Mechanism in driving onsite emissions reductions at Australia's largest industrial facilities since its 2023 reform?

The Safeguard Mechanism is the only national-level GHG mitigation policy in Australia, yet its gaps and loopholes have undermined its effectiveness. The intention of the Safeguard Mechanism was to decrease emissions from the affected sectors, however, data shows that emissions covered by the mechanism have increased by 7% since its inception.[36]

Under the current system, the baselines have not declined in a trajectory towards meeting Australia's emissions targets.[37] Half of coal mining and gas facilities in the Safeguard Mechanism, by number, had baselines in 2024 that were set higher than their reported emissions in 2023. The mechanism has failed to create a material incentive for onsite abatement at coal and gas mines and export facilities.

What changes could the Australian Government make to the mechanism to help achieve Australia's emissions reductions targets?

Coverage

The threshold for covered facilities should be reduced below the current 100,000 tonnes of CO_2-e per year, as recommended by the Productivity Commission in its recent interim report which suggested that lowering to 25,000 tonnes of CO_2-e per year would be reasonable.[38]

Definition of 'covered emissions' needs to be expanded to scope 3 emissions produced by burning fossil fuel from the products Australia exports. The burning of fossil fuels for energy is the largest contributor to global carbon emissions. While Australia does not currently report CO_2 from the combustion of exported fossil fuels, our coal, oil, and gas exports—when burnt overseas—release climate pollution equivalent to 2.5 times Australia's annual domestic emissions.[39] Regardless of where fossil fuels are burnt, they contribute significantly to global warming, intensifying extreme weather events, damaging land and marine ecosystems and impacting on Australian communities.[40]

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[36] RepuTex Energy (2021) The Economic Impact of the ALP's Powering Australia Plan.

[37] Australian Government (2025) Reforms to the Safeguard Mechanism

[38] Productivity Commission 2025, Investing in cheaper, cleaner energy and the net zero transformation, Interim report

[39] Climate Council (2025). Stronger target, safe future – Why Australia's 2035 climate target matters

[40] Waratah Coal Pty Ltd v Youth Verdict Ltd & Ors (No 6) [2022] QLC 21

Baseline settings and decline rates

Two thirds of coal mining and gas extraction facilities (by number) reported *increased* covered emissions under the Safeguard Mechanism from 2023 to 2024. For many, this expansion is enabled by the Safeguard Mechanism baseline setting process and the use of Safeguard Mechanism Credit Units (**SMCs**).

To ensure sufficient emissions reductions occur, facility baselines should be reduced or otherwise their calculations changed to provide for a faster decliner rate, particularly for coal and gas facilities.

Adjustments must be made to prevent the perverse upward trajectory of baselines for very large coal mines with per tonne emissions intensities far below the industry average. Issuance of SMCs to facilities that increase their emissions must be stopped.

Rules on ACCU use

The unrestricted use of ACCUs is undermining the objects of the *Climate Change Act 2022* and the Safeguard Mechanism – leading to an increase in Australia's vulnerability to climate change impacts.

Restrictions should be introduced on the use of ACCUs to meet baseline Safeguard Mechanism obligations which may also incentivise meaningful on-site decarbonisation measures.

It is our view that the use of ACCUs should be capped or phased out. Unlimited use of offsets is not compatible with achieving real emission reductions. We note that human-induced regeneration and avoided deforestation ACCU methods have been discredited. New proposed land-based ACCU methods must be scrutinised to ensure that they deliver real sequestration abatement without undermining climate harm.[41]

How could the Authority improve its approach to assessing the performance of the Safeguard Mechanism?

Significant improvements are needed in estimating emissions from new and expanding coal and gas facilities. Independent studies show that methane emissions - often the most significant scope 1 emissions from fossil fuel projects - are substantially underreported (by more than 80%) due to reliance on outdated or self-reported data rather than direct, verified measurements.[42]

Accurate measurement and reporting of GHG emissions are urgently required to ensure companies are held accountable and that the Safeguard Mechanism delivers its intended reductions.

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[41] Financial Review (September 2025) Offsets a 'get out of jail free card' for climate targets

[42] Institute for Energy Economics and Financial Analysis (2023) Gross under-reporting of fugitive methane emissions has big implications for industry

Conclusion

Australia stands at a critical crossroads. The decisions made now will determine whether we meet our domestic and international obligations, safeguard communities, and protect ecosystems, or lock in escalating climate, economic, and social risks. We urge the Climate Change Authority and the Australian Government to adopt a science-aligned 2035 emissions reduction target of at least 75%, phase out approvals for new and expanding fossil fuel projects, reform the Safeguard Mechanism to drive genuine emissions reductions, and invest in a fair and orderly transition to clean energy. These steps are essential to deliver a safe, prosperous, and climate-resilient future for all Australians.

Thank you again for the opportunity to provide input into the Climate Change Authority's 2025 Annual Progress Report.

Kind regards

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